



Auditor of Public Accounts
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Edelen Releases Audit of Powell County Fiscal Court

FRANKFORT, Ky. – State Auditor Adam Edelen has released the audit of the financial statements of the Powell County Fiscal Court for the fiscal year ended June 30, 2012. State law requires annual audits of county fiscal courts.

The audit found that the county's financial statements, in all material respects, fairly present the county's assets, liabilities, and net assets arising from cash transactions and revenues received and expenditures paid in conformity with the modified cash basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

The jail fund has a deficit balance totaling \$402,161. The Powell County Fiscal Court transferred restricted money from the Road and the Local Government Economic Assistance (LGEA) funds to the Jail and Ambulance funds. A schedule of transfers from restricted accounts and calculation of deficit fund balances is as follows:

Due From	Due To	July 1, 2011	Increase/ (Decrease)	June 30, 2012
Jail	Road	\$ 253,028	\$	\$ 253,028
Jail	LGEA	200,000		200,000
Ambulance	LGEA	57,671	8,316	65,987
LGEA	Road		113,500	113,500
		<u>\$ 510,699</u>	<u>\$ 121,816</u>	<u>\$ 632,515</u>

	Jail
Cash Balance	\$ 50,867
Interfund Payables	(453,028)
Fund Balance	\$ (402,161)

KRS 42.455 (2), (3), and (4) specifically prohibits the expenditure of LGEA funds for administration of the government and also states coal impact counties must expend 100% of funds in transportation. The fiscal court used a portion of the coal impact funds for expenditures other than transportation. These non-allowable expenditures are due back to the LGEA Fund to be expended for transportation. Also, the Road Fund is restricted for transportation, with the exception of the amount calculated on the Road Fund Allocation Worksheet. The expenditures exceeded the budgeted amount that could be used for purposes other than transportation during the fiscal year. As a result, the Road Fund is due the amount that was expended in excess of the allowable allocation.

We recommend that the fiscal court seek guidance from the Department for Local Government and the County Attorney on the necessary actions to be taken to eliminate deficit fund balances.

County Judge/Executive James Anderson's response: We are implementing a plan to decrease our deficit fund balances.

The county did not maintain adequate time records for all employees. Adequate timesheets were not maintained for all employees. During our audit procedures, we found one employee, a custodian, did not have a timesheet. Also, timesheets maintained for the county treasurer, finance director, and road supervisor did not have the proper supervisor approval signature. KRS 337.320 says every employer shall keep record of the hours worked each day and each week by each employee and shall be kept on file for at least one year. Timesheets should be kept for payroll verification to document employees are working at least the minimum number of hours to be eligible for full-time benefits such as retirement and health insurance. The employee and the appropriate supervisor should sign all timesheets. We recommend the county require employees to include all hours worked on their timesheets, require all timesheets to have evidence of supervisor approval, and maintain annual and sick leave balances.

County Judge/Executive James Anderson's response: In the future we will make sure to sign off on time records for employees.

Jail fund expenditures should not exceed budgeted appropriations. During our audit we noted that the Jail Fund budget was overspent by \$171,233 due primarily to expenditures for Protection to Persons and Property. Per KRS 68.300, any expenditure over the budget shall be void and illegal. In the future, we recommend that the county properly approve budget amendments and transfer budgeted appropriations from other funds as needed to avoid overspending.

County Judge/Executive James Anderson's response: The Jail had unexpected repairs. In the future, we will try and monitor the jail fund closer & do transfers as needed.

The audit report can be found on the [auditor's website](#).

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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